

**RIO TINTO
AUDIT COMMITTEE
TERMS OF REFERENCE**

Purpose

The objective of the Committee is to assist the Board to monitor decisions and processes designed to ensure the integrity of financial reporting; and sound systems of internal control and risk management.

Scope

The Committee shall be responsible for:

- Financial reporting and internal controls over financial reporting
- Internal controls
- Corporate Assurance
- External auditors
- Risk management
- The Integrity and Compliance Programme, including the whistle blowing programme.

Membership

The Committee shall comprise three or more independent non-executive directors who shall be appointed by the Board.

Committee members will be financially literate and at least one member of the Committee will have recent and relevant financial experience and hold relevant formal qualifications.

The Committee Chair shall be an independent director appointed by the Board. In the Committee Chair's temporary absence, one of the other Committee members, either nominated by the Committee Chair or elected by the Committee, will act as Committee Chair.

The Chair of the Board may be a member, but not Chair, of the Committee.

Attendees

By invitation.

Quorum

A quorum of the Committee shall comprise any two Committee members.

Secretary

The company secretary of Rio Tinto plc, or a nominee, shall be the secretary of the Committee.

Frequency

The Committee shall meet not less than four times a year, and at other such times as any member, or the secretary of the Committee, shall require.

Agenda and papers

The agenda and papers shall be available on request to all members of the Board.

Reporting procedures

- The Committee shall regularly report to the Board on the matters discussed and the minutes of each Committee meeting shall be received by the Board.
- The Committee will report to the Board on its work in discharging its responsibilities during the year and the outcomes of its formal annual review and provide a summary report on these matters for inclusion in the Group's Annual report.
- The Committee Chair (or another Committee member nominated by the Committee Chair) will attend the annual general meetings of the companies to respond to any shareholder questions on the Committee's activities.

Delegation

The Committee has the delegated authority of the Board in respect of the functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation the establishment of sub-committees from each party to analyse particular issues or themes and to report back to the Committee.

Resources

The Committee shall have full authority and resources to investigate all matters falling within its Terms of Reference and accordingly, the Committee may:

- Obtain, at the Group's expense, any outside legal, accounting or other independent professional advice, as it considers necessary in connection with its purpose and secure the attendance of such advisers at its meetings.
- Have such direct access to the Group's resources as it may reasonably require including access to management and to Corporate Assurance representatives and external auditors (with or without management present).

Review and evaluation

The Committee will undertake a formal annual review of its effectiveness, including the role and responsibilities of the Committee, its organisation and effectiveness and the qualifications of its members. This shall include a review of these Terms of Reference.

Appendix - Committee responsibilities

Financial reporting and internal controls over financial reporting

- Review the effectiveness of management processes and internal controls over financial reporting, including the estimation and reporting of ore reserves and mineral resources.
- Monitor with management and the external auditors the integrity of financial statements and other announcements relating to the Group's financial performance and whether these are adequate for shareholder needs.
- Review with management and the external auditors the accounting policies and practices adopted by the Group and compliance with financial reporting standards, listing rules and relevant legislation.
- Discuss with management and the external auditors significant financial reporting issues and material judgments made in connection with the preparation of the financial statements, including whether they are aggressive or conservative and whether they are common or minority practices.
- Recommend to the board that the financial statements in the annual and interim reports, annual report on Form 20-F and other public documents be approved for disclosure.

Internal control

- Review the Group's material internal controls, including financial, operational and compliance controls.
- Review the effectiveness of the Group's internal financial controls with management, Corporate Assurance and the external auditors.
- Review and approve the annual statements on internal control and internal control over financial reporting.

Corporate Assurance

- Approve the appointment and, if necessary dismissal, of the Head of Corporate Assurance.
- Monitor and review the effectiveness, objectivity, strategic focus and resourcing of the Corporate Assurance function.
- Review and approve Corporate Assurance work plans to ensure that these reflect the Group's risks.
- Monitor the results of the work of the Corporate Assurance function and the responsiveness of management to its findings and recommendations.
- Meet independently with the Head of Corporate Assurance at least annually to discuss any significant difficulties encountered including any restrictions on the scope of work, access to required information or any other matters.

External auditors

- Recommend to the board the appointment, reappointment and removal of the external auditors and review their qualifications, organisation, strategic focus and resourcing.
- Review with the external auditors the scope of their audit and subsequently their audit findings including any internal control recommendations.

- Monitor the effectiveness of the external auditors and the responsiveness of management to their findings and recommendations.
- Periodically meet with the external auditors, independently of management, to discuss the quality of the Group's accounting principles, material judgments and any other matters that the Committee or external auditors deem appropriate.
- Periodically review the performance, objectivity and independence of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- Agree the terms of engagement and approve the fees and other remuneration paid to the external auditors for audit and non audit services.
- Review letters of management representations requested by the external auditors in relation to the financial statements in the annual and interim reports, annual report on Form 20-F and other public documents.
- Review and approve the policy for the pre approval of the engagement of the external auditors to provide non audit services, and the approval of other non-audit services on a case by case basis. Report to the Board whether the Committee is satisfied that the provision of non-audit services has not compromised the auditor's independence.
- Ensure that the external auditors submit a written statement outlining all of its professional relationships with the Group including the provision of non audit services that may affect their objectivity or independence. Review with the external auditors all significant relationships they have with the Group and assess their independence.
- Recommend to the Board the policy for the rotation of external audit engagement partners.

Risk management

- Review at least annually the maturity and effectiveness of management processes designed to identify, assess, monitor and manage risk.
- Review and approve periodic and ad hoc external reporting of risk, such as principal risks and uncertainties included in the financial statements.

The Integrity and Compliance Programme, including the whistle blowing programme

- Approve the development and implementation of the Group's Integrity and Compliance Programme;
- Approve the appointment and, if necessary, dismissal of the Global Head of Compliance;
- Monitor and review the effectiveness, objectivity, strategic focus and resourcing of the Compliance function;
- Meet independently with the Global Head of Compliance at least annually to discuss any significant difficulties encountered, including any restrictions on the scope of work or access to required information;
- Review the effectiveness of the Group's Integrity and Compliance Programme, including:

- standards of business conduct as embodied in *The way we work* and related business integrity and antibribery policies and standards;
 - management's assessment of material compliance risks, mitigation strategies to address them and ongoing monitoring; and
 - the framework developed by management in relation to data privacy matters.
- Review systems, including the whistle blowing programme, that enable employees and others to raise concerns about possible improprieties (including regarding accounting and auditing) and how such matters are handled, including reviewing management reports on allegations/investigations of fraud, bribery and other serious wrongdoing;
 - Review reports on the Group's compliance with material compliance obligations, including *The way we work*, laws and regulations and monitor reporting of fraud, bribery and improper acts; and
 - Evaluate the effectiveness of the processes and reporting systems put in place by management to deal with inappropriate business conduct and integrity.